

Message Text

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S E C R E T SECTION 1 OF 5 SINGAPORE 1347

CINCPAC FOR POLAD

E.O. 11652: XGDS-3
TAGS: AMGT, PFOR, SN
SUBJECT: PARM - ANNUAL POLICY AND RESOURCE ASSESSMENT - PART I

REF: CERP 0001, STATE 038356

1. SINGAPORE POLICY ASSESSMENT

A. UNITED STATES INTERESTS

OUR PRINCIPAL LONG TERM INTERESTS IN SINGAPORE,
ARE REMARKABLY CONSONANT WITH OUR GLOBAL AND
REGIONAL PRIORITIES (STATE 38338 AND 43659).
THEY LIE IN THE FOLLOWING INTER-RELATED AREAS:

1. DEFENSE-SECURITY

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(A) SINGAPORE IS NOT ESSENTIAL TO THE DIRECT SECURITY
OF THE UNITED STATES. HOWEVER, THE PRESERVATION
OF A STABLE AND WELL- DISPOSED GOVERNMENT ON THE STRATEGIC
STRAIT OF SINGAPORE IS HIGHLY IMPORTANT TO U.S. SECURITY
INTERESTS. IF U.S. INVOLVEMENT IN THE GREAT POWER
EQUILIBRIUM IN SOUTHEAST ASIA AND THE INDIAN OCEAN

IS TO BE MAINTAINED, IT WOULD BE MOST DESIRABLE FOR UNITS OF THE U.S. SEVENTH FLEET TO HAVE CONTINUED ACCESS TO SINGAPORE'S EXCELLENT NAVAL AND AIR FACILITIES.

(B) WE SHOULD ALSO RECOGNIZE THAT SINGAPORE IS OF GREAT IMPORTANCE TO THE SECURITY OF JAPAN WHOSE PRINCIPAL OIL LIFE LINE EXTENDS THROUGH THE STRAITS OF MALACCA AND SINGAPORE. MOREOVER, SINGAPORE'S ECONOMIC/FINANCIAL POTENTIAL, INCLUDING SPECIFICALLY ITS PETROLEUM REFINING INDUSTRY, IS ALSO OF CONSIDERABLE IMPORTANCE TO JAPAN AS ARE ALSO THE NATURAL RESOURCES OF SOUTHEAST ASIA. IN VIEW OF JAPAN'S IMPORTANCE TO OVERALL U.S. INTERESTS, THE U.S. ALSO HAS A SIGNIFICANT DERIVATIVE INTERESTS, THE U.S. ALSO HAS A SIGNIFICANT DERIVATIVE INTEREST IN THE PRESERVATION OF STABLE AND COOPERATIVE GOVERNMENTS IN THIS REGION OF WHICH SINGAPORE IS ONE.

2. ECONOMIC

THE U.S. COMMERCIAL STAKE IN SINGAPORE IS LARGER THAN THAT OF ANY OTHER FOREIGN COUNTRY AND IS ONE OF OUR MOST SIGNIFICANT IN THE REGION. OUR TRADE WITH SINGAPORE (\$2.2 BILLION) AND OUR INVESTMENTS IN THIS COUNTRY (OVER \$1 BILLION) ARE IMPORTANT INTERESTS WHICH SHOULD BE BOTH PRESERVED AND PROMOTED.

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3. GENERAL

(A) THE U.S. HAS A GENERAL INTEREST IN THE PRESERVATION OF SINGAPORE'S SUCCESSFUL AND DYNAMIC ECONOMY AND POLITICAL STABILITY WHICH IS IMPORTANT TO THE STABILITY OF THIS AREA AND TO THE FUTURE ECONOMIC DEVELOPMENT OF THE ASEAN COUNTRIES.

(B) WE ALSO HAVE AN INTEREST IN MAINTAINING GOOD WORKING RELATIONS WITH AN ASIAN GOVERNMENT WHICH IS ARTICULATE IN FOREIGN AFFAIRS AND OFTEN TAKES POSITIONS COINCIDENT WITH U.S. INTERESTS.

B. OVERVIEW

1. THE SINGAPORE SCENE

LEE KUAN YEW'S PEOPLES ACTION PARTY (PAP) SWEEPED THE DECEMBER 1976 ELECTIONS, THEREBY VIRTUALLY

ASSURING ITS CONTINUED POLITICAL CONTROL FOR THE PERIOD OF THIS ASSESSMENT, AND BEYOND TO 1980/81. THERE WILL BE SOME LEADERSHIP CHANGES WITHIN THE GOVERNMENT AS A FEW OF THE OLDER INDIVIDUALS ARE REPLACED BY PROMISING, YOUNGER FIGURES. HOWEVER, THE CHANGES PROBABLY WILL NOT BE NUMEROUS OR STARTLING; AND, WITH NO CHANGE ANTICIPATED AT THE VERY APEX OF THE POLITICAL STRUCTURE, THE BASIC POLICIES AND ATTITUDES OF THE GOVERNMENT ARE UNLIKELY TO UNDERGO RADICAL SHIFTS, BARRING EXTERNAL CON-
VULSIONS.

PRIME MINISTER LEE'S INTEREST IN SECURING A RENEWED MANDATE ALMOST A YEAR BEFORE THE DEAD-
LINE IMPOSED BY THE CONSTITUTION STEMMED IN PART FROM HIS DESIRE TO "CLEAR THE DECKS" BEFORE
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SINGAPORE ENTERS WHAT HE ANTICIPATES WILL BE A TURBULENT PERIOD IN SOUTHEAST ASIA IN THE LATE 1970'S. THE MAIN UNCERTAINTIES AND POTENTIAL THREATS PERCEIVED BY LEE, ARE EXTERNAL TO SINGAPORE: UNWELCOME DEVELOPMENTS IN THE WORLD ECONOMY; INSURGENCY IN THAILAND AND MALAYSIA AND SRV INTENTIONS TOWARDS THE ASEAN COUNTRIES; COMPETING PRC AND SOVIET AMBITIONS IN SOUTHEAST ASIA; AND, THE DEGREE OF INDONESIAN WILLINGNESS TO COOPERATE IN PROMOTING ASEAN ECONOMIC IN-
TEGRATION.

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NEVER HESITANT TO CRACK DOWN ON SUBVERSIVE
ELEMENTS OR TO INHIBIT NON-COMMUNIST DISSENT,
THE GOVERNMENT HAS BEEN USUALLY ASSIDUOUS IN
THESE AREAS SINCE THE DECEMBER 1976 ELECTIONS.
RECENTLY DEFEATED POLITICIANS, SUBSEQUENTLY
SELF-CONFESSED COMMUNISTS, AND A MISCELLANY OF
MALCONTENTS HAVE ALL EXPERIENCED THE PAP ESTABLISH-
MENT'S IRE. IN THE PROCESS, RELATIONS WITH
MALAYSIA MAY HAVE AGAIN BECOME STRAINED (ALTHOUGH
NOT IRREPARABLY) AND SINGAPORE'S STANDING WITH THE
INTERNATIONAL PRESS MAY HAVE BEEN WEAKENED. WHILE
THE GOVERNMENT ADVISES ITS CRITICS THAT SINGAPORE
CANNOT INDULGE IN THE CIVIL RIGHTS LUXURIES THAT
WESTERN DEMOCRACIES AFFORD THEMSELVES, THIS HIGHLY
SUCCESSFUL AND FIRMLY ENTRENCHED REGIME IS EX-
POSING ITSELF INCREASINGLY, AND IN THE EMBASSY'S
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VIEW UNWISELY, TO CHARGES THAT IT IS BEING IN-
TOLERANT AND UNNECESSARILY HARSH IN ITS REATMENT
OF ITS DOMESTIC CRITICS AND OPPONENTS.

BY AND LARGE, SINGAPORE HAS DIGESTED THE UN-
DESIRABLE CONSEQUENCES OF THE EXPLOSION IN
PETROLEUM PRICES AND THE SUBSEQUENT WORLD RE-
CESSION. THE ANNUAL GDP GROWTH RATE, AFTER FALLING
SHARPLY IN 1974 AND 1975, APPEARS TO HAVE STABILIZED
AT THE 6 TO 8 PERCENT LEVEL. NEVERTHELESS, THIS
GENERALLY SATISFACTORY RESULT HAS BEEN ONLY BECAUSE
OF THE PUMP PRIMING EFFORTS OF THE GOVERNMENT.
HIGHER GROWTH IN THE FUTURE FOR THIS "GLOBAL
CITY" DEPENDS ON MORE BUOYANT ECONOMIC ACTIVITY
IN THE INDUSTRIALIZED WEST AND IN PARTICULAR ON
A REACCELERATION OF WORLD TRADE. ALSO OF CRUCIAL
IMPORTANCE IS THE REVIVAL OF FOREIGN, ESPECIALLY
U.S., INVESTMENT TO PRE-1975 LEVELS. THE RE-
LATIVELY LOW LEVEL OF NEW INVESTMENT COMMITMENTS

OVER THE PAST TWO YEARS, WHICH IS CONTINUING, WILL CONSTITUTE A DRAG ON THE ECONOMY'S PERFORMANCE FOR THE NEXT FEW YEARS, EVEN SHOULD THERE BE AN EARLY RESURGENCE OF FOREIGN CAPITAL COMMITMENTS.

AT THE END OF 1976 THERE WAS VIRTUAL FULL EMPLOYMENT. ECONOMIC PROGRESS OVER THE NEXT TWO YEARS OR SO SHOULD BE SUFFICIENTLY VIGOROUS TO PREVENT AN UNEMPLOYMENT PROBLEM. AIDED BY FAVORABLE EXTERNAL DEVELOPMENTS, INFLATION IN 1976 WAS VIRTUALLY ERADICATED AND THE PROSPECTS FOR THE FUTURE APPEAR REASONABLY ENCOURAGING. FULL EMPLOYMENT, LOW INFLATION COMBINED WITH MODEST WAGE INCREASE, AND STRONG UNION LEADERSHIP PRODUCED A TRANQUIL LABOR SCENE IN 1976, WHICH SHOULD PROVE SUSTAINABLE THROUGH 1978.

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2. GOS PERCEPTIONS OF EXTERNAL SCENE
PRIME MINISTER LEE'S PREDILECTION TO LINK SINGAPORE'S SECURITY/WELL-BEING TO REGIONAL AND GLOBAL DEVELOPMENTS STEMS, OF COURSE, FROM THE ECONOMIC AND POLITICAL VULNERABILITY OF A SMALL ISLAND STATE, BEREFT OF NATURAL RESOURCES, IN A POTENTIALLY HOSTILE ENVIRONMENT. PRIMARY RELIANCE IS BASED ON A LEAN AND SUFFICIENT ECONOMY AND A FLEXIBLE DEFENSE CAPABILITY DESIGNED TO DISCOURAGE POTENTIAL AGGRESSORS. THESE EFFORTS ARE SUPPLEMENTED BY POLICIES INTENDED TO ADVANCE REGIONAL POLITICAL COOPERATION AND ECONOMIC INTEGRATION BILATERALLY AND WITHIN THE FRAMEWORK OF ASEAN, AND TO MAINTAIN A BALANCING U.S. PRESENCE IN THE REGION WITHOUT SACRIFICING SINGAPORE'S NOMINALLY NON-ALIGNED STATUS.

THE MOST IMMEDIATE CONCERN OF THE GOS IS THE SLUGGISH ECONOMIC RECOVERY IN THE INDUSTRIALIZED WEST WHICH COULD LEAD TO MORE PRONOUNCED BEGGAR-THY-NEIGHBOR AND PROTECTIONIST POLICIES. WITH A TOTAL FOREIGN TRADE VOLUME APPROXIMATELY THREE TIMES THAT OF GDP, SINGAPORE IS KEENLY AWARE OF ITS EXPOSURE TO SUCH POTENTIAL DEVELOPMENTS. BELIEVING ITS OWN PROSPERITY TO BE INTIMATELY TIED TO THAT OF THE OECD COUNTRIES, SINGAPORE IS A MODERATE ON MULTILATERAL ECONOMIC AND TRADE ISSUES, ALTHOUGH IT WILL ON OCCASION DEFER TO ASEAN OR G-77 POSITIONS WHEN ITS OWN INTERESTS ARE NOT DIRECTLY AFFECTED.

THE GOS HAS INCREASINGLY COME TO VIEW ASEAN
AS PROVIDING THE MOST PROMISING FRAMEWORK FOR
ENSURING SINGAPORE'S CONTINUING ECONOMIC GROWTH
AND PROSPERITY AT A TIME WHEN NON-REGIONAL
MARKETS AND RESOURCES MAY NO LONGER BE AS
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ACCESSIBLE AS THEY HAVE BEEN IN THE PAST. THE
GOS SEES ASEAN AS A VEHICLE FOR PRESSING ITS OWN
VIEWS ON THE J.S. AND OTHER IMPORTANT TRADING
PARTNERS. SPECIALLY, IT CAN BE EXPECTED TO
USE ASEAN CONSULTATIONS TO PRESSURE JAPAN TO
EXPAND ITS INVESTMENT IN THE ASEAN REGION, AND
TO SEEK LIBERAL U.S. TRADE, INVESTMENT AND TAX
POLICIES, E.G., CONTINUED TAX DEFERRAL ON
FOREIGN-EARNED INCOME OF U.S. CORPORATIONS.

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A SECOND IMPORTANT CONCERN OF THE GOS IS THE

SECURITY OF MALAYSIA AND THAILAND. THIS CONCERN HAS TWO CAUSES: DOUBTS AS TO LONG-RANGE SRV INTENTIONS TOWARD ASEAN AND THE INDIGENOUS COMMUNIST INSURGENCIES IN MALAYSIA AND THAILAND. THE GOS HAS URGED THESE TWO GOVERNMENTS TO COOPERATE TO COMBAT THE COMMUNIST SUBVERSION/INSURGENCY AND HAS SOUGHT TO ASSIST THE GOVERNMENT OF THAILAND IN A VARIETY OF BI-LATERAL ECONOMIC PROJECTS. ASEAN IS VIEWED BY THE GOS AS POTENTIALLY AN ENGINE OF ECONOMIC GROWTH WHICH WOULD STRENGTHEN ALL MEMBERS AGAINST INTERNAL AS WELL AS EXTERNAL THREATS BY ENLARGING THE STAKE OF THE POPULATION IN THE PERPETUATION OF MODERATE, NON-COMMUNIST GOVERNMENTS.

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VIETNAM IS SEEN AS A POTENTIAL LONG-TERM THREAT. WHILE THE GOS WILL IN DUE COURSE ESTABLISH FORMAL RELATIONS WITH THE SRV, IT IS AMBIVALENT ABOUT THE NORMALIZATION OF US-SRV TIES. THE BENEFITS, IN SINGAPORE'S EYES, WOULD BE A LESSENERED SRV DEPENDENCE ON THE SOVIET UNION AND THE POSSIBILITY OF A RESUMPTION, OVER TIME, OF THE SUBSTANTIAL SINGAPORE-VIETNAM TRADE, INCLUDING PETROLEUM, WHICH WAS INTERRUPTED IN 1975. THE DISADVANTAGE STEMS FROM THE LIKELIHOOD THAT U.S. -SRV NORMALIZATION WILL BRING IN ITS WAKE TRADE, INVESTMENT, HIGHER TECHNOLOGY -- AND PERHAPS EVEN AID -- ACCELERATING VIETNAM'S RECOVERY FROM THE WAR AND THEREBY ENHANCING ITS TROUBLE-MAKING CAPACITY. THE GOS HAS URGED THAT ANY AID WE EVENTUALLY GIVE HANOI BE BALANCED WITH AID FOR ASEAN, SO THAT THE ECONOMIC HEAD START ALLEGEDLY ENJOYED BY THE NON-COMMUNIST SEA COUNTRIES CAN BE MAINTAINED. THE GOS WOULD PREFER MOREOVER THAT U.S. AID AND AID FROM OTHER WESTERN COUNTRIES AND JAPAN BE CONFINED TO THE AGRARIAN SECTOR OR TO HUMANITARIAN ASSISTANCE, AND THAT SUCH AID BE GIVEN ONLY IN EXCHANGE FOR HANOI PLEDGES THAT IT WILL LIVE IN PEACE WITH ITS NON-COMMUNIST NEIGHBORS.

FINALLY, THE SOVIET-CHINESE COMPETITION FOR INFLUENCE AND FRIENDS IN SEA IS WATCHED CAREFULLY BY THE GOS, ALTHOUGH THE TWO COUNTRIES OPERATE UNDER SUBSTANTIAL, ALBEIT DIFFERENT, HANDICAPS. THE SOVIETS, WHO ENJOY A SIGNIFICANT PRESENCE OF PRIMARILY A COMMERCIAL NATURE, ARE VIEWED WITH CONSIDERABLE SUSPICION AND DISTRUST. THE PRC

HAS A LESS NOTICEABLE PROFILE BUT A MORE PER-
VASIVE COMMERCIAL PRESENCE. WHILE THE ETHNIC
AND TRADITIONAL CULTURAL BONDS WITH THE PRC
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STILL EXIST, GOS LEADERS FIND ITS POLITICAL AND
ECONOMIC SYSTEM AS REPUGNANT AS THE SOVIET'S AND
FEAR ITS INFLUENCE MORE BECAUSE IT IS ASIAN-
BASED. HOWEVER, THERE APPEARS TO HAVE BEEN
SUFFICIENT PROGRESS IN ESTABLISHING A SINGAPOREAN
NATIONAL CONSCIOUSNESS THAT THE GOVERNMENT RE-
CENTLY LIBERALIZED RULES CONCERNING TRAVEL BY
YOUNG SINGAPOREANS TO THE PRC.

CONCERN OVER SOVIET-PRC COMPETITION, IS, OF
COURSE, ONE OF THE REASONS THE GOS DESIRES A
CONTINUED U.S. MILITARY PRESENCE IN THE REGION.
A MULTI-POWER EQUILIBRIUM IS, AFTER ALL, EASIER
TO PRESERVE AND MANIPULATE THAN ONE WHICH IS
BI-POLAR. BUT IN GOS EYES ASEAN ALSO HAS A ROLE
TO PLAY IN THIS CONTEXT AS AN INSTITUTION WHICH
CAN MODERATE THE DISPUTES OF ITS MEMBERS THEREBY
MAKING MORE DIFFICULT EFFORTS BY EXTERNAL HOSTILE
POWERS TO EXPLOIT THE REGION'S HISTORIC ANIMOSITIES.

THE ROLE THE USG IS PREPARED TO PLAY WITH RESPECT
TO THE FOREGOING AREAS OF CONCERN TO THE GOS WILL,
TO A LARGE DEGREE, DETERMINE HOW SINGAPORE WILL
VIEW THE DURATION AND DEPTH OF OUR INTEREST AND
INVOLVEMENT IN THE REGION. BUT CONSIDERING THE
VERY BROAD PERSPECTIVE OF PRIME MINISTER LEE,
DEVELOPMENTS FURTHER REMOVED FROM SINGAPORE
WILL ALSO INFLUENCE THE GOS ATTITUDE TOWARD
THE U.S. SPECIFICALLY, THE OUTCOME OF THE
PHILIPPINE BASES NEGOTIATIONS, THE CIRCUMSTANCES
SURROUNDING OUR TROOP PHASEOUT IN KOREA, AND HOW
WE RETAIN OUR COMMITMENT TO THE ROC IN THE PRO-
CESS OF NORMALIZING RELATIONS WITH THE PRC,
WILL ALL EFFECT THE NATURE OF OUR RELATIONSHIP
WITH THE GOS.

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C. OBJECTIVES, COURSES OF ACTION, AND ISSUES

1. U.S. POSTURE IN SEA

TO ASSIST OUR PURSUIT AND SATISFACTION OF OUR OTHER OBJECTIVES (BELOW), THE GOS WILL HAVE TO BE REASSURED THAT THE U.S. CONTINUES TO BE INTERESTED IN PRESERVING THE PEACE AND STABILITY OF SOUTHEAST ASIA. THE NADIR OF SINGAPORE'S CONCERN REGARDING OUR CONSTANCY PROBABLY PASSED WITH THE FIRST POSITIVE EXPRESSIONS BY SPOKESMEN OF THE NEW ADMINISTRATION. HOWEVER, SO LONG AS EXECUTIVE BRANCH DECLARATIONS ARE NOT BUTTRESSED BY BROAD PUBLIC AND CONGRESSIONAL SUPPORT, THERE ARE LIKELY TO BE NAGGING DOUBTS ON THIS SCORE IN THE MINDS OF THE TOP GOS LEADERSHIP. ALL APPROPRIATE OPPORTUNITIES SHOULD BE EMPLOYED TO REASSERT THE U.S. STAKE IN THE PEACE AND STABILITY OF THE REGION. USIS PROGRAMS SHOULD FAMILIARIZE INFLUENTIAL SINGAPOREANS WITH THIS BASIC POLICY, THE VISIBILITY AND CREDIBILITY OF WHICH COULD BE ENHANCED BY PERIODIC VISITS BY UNITS OF THE SEVENTH FLEET AND BY PROMINENT PERSONALITIES. IN ADDITION, THE IMPENDING U.S. CONSULTATIONS WITH ASEAN, WHILE LIMITED TO ECONOMIC SUBJECTS, WILL HAVE PRIMARILY A POLITICAL IMPACT SINCE THEY WILL LEND FURTHER STATURE TO THE ORGANIZATION. WHILE OUR CONSULTATIONS ARE ALMOST CERTAIN NOT TO BE PRODUCTIVE OF TANGIBLE RESULTS, SUCH CONTACTS WILL SERVE A USEFUL PURPOSE IN DEMONSTRATING OUR INTEREST IN ASEAN AND OUR CONCERN FOR THE ORGANIZATION'S MEMBER COUNTRIES.

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CINCPAC FOR POLAD

2. U.S. MILITARY ACCESS TO SINGAPORE FACILITIES

ON THE ASSUMPTION THAT THE U.S. WILL WANT TO PRESERVE A BALANCED AND FLEXIBLE MILITARY POSTURE NOT ONLY IN THE WESTERN PACIFIC BUT IN THE INDIAN OCEAN AS WELL, CONTINUED ACCESS TO SINGAPORE'S MILITARY AND CIVILIAN PORTS, AIRFIELDS AND BUNKERING FACILITIES FOR U.S. SHIPS AND AIRCRAFT CLEARLY IS IMPORTANT. SPECIFICALLY, WE SHOULD CONTINUE TO ENCOURAGE THE UNITED KINGDOM TO CONCLUDE AGREEMENTS WITH THE GOS PROVIDING (A) FOR UK MANAGEMENT OF BERTHS 6 AND 7 OF THE NAVAL BASIN AND THE SENOKO FUEL FARM WHICH WILL FACILITATE U.S. NAVAL ACCESS TO THESE FACILITIES, AND, (B) THE VISIT OF NUCLEAR POWERED WARSHIPS TO THE NAVAL BASIN ON THE BASIS OF ASSURANCES CONTAINED IN THE U.S. STANDARD STATEMENT. THE COSTS
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OF ASSURING SUCH ACCESS ARE NOT HIGH, EITHER IN ECONOMIC TERMS OR POLITICALLY. THE RECIPROCAL OF CONTINUED ACCESS IS A WILLINGNESS ON THE PART OF THE U.S. TO BE GENERALLY RESPONSIVE IN ASSISTING THE GOS TO DEVELOP A MODEST DEFENSE CAPABILITY THROUGH FMS CASH SALES OF MILITARY EQUIPMENT AND TO PROVIDE SELECTIVE MILITARY TRAINING. THIS TRAINING SHOULD BE CONDUCTED IN THE UNITED STATES TO THE GREATEST EXTENT POSSIBLE.

WHILE MAINTAINING THIS MINIMUM ACCESS AND BY PROVIDING THE REQUISITE QUID PRO QUO, WE SHOULD KEEP OUR OPTIONS OPEN REGARDING GREATER USE OF SINGAPORE FACILITIES IN THE EVENT OF NEED. SHOULD SUCH A NEED ARISE, A SENSITIVE BALANCE MUST BE MAINTAINED BETWEEN MEETING A POTENTIAL REQUIREMENT FOR CONTINGENCY ACCESS AND LIMITING THE VISIBILITY OF OUR MILITARY PROFILE. WE SHOULD BE CAREFUL NOT TO CAUSE THE GOS TO ANTICIPATE A GREATER DEGREE OF U.S. COMMITMENT THAN IS LIKELY TO OCCUR. AT THE SAME TIME, WE SHOULD NOT CONVEY THE IMPRESSION THAT WE ARE UNWILLING TO PLAY AN APPROPRIATE ROLE IN MAINTAINING THE GREAT POWER EQUILIBRIUM IN THE AREA. TOO EXTENSIVE OR TOO VISIBLE A MILITARY ROLE FOR OURSELVES COULD IMPLY A CLIENT STATE RELATIONSHIP FOR SINGAPORE WHICH WOULD BE SELF-DEATING IN

TERMS OF SINGAPORE'S DESIRE TO PRESERVE A NON-
ALIGNED IMAGE. THEREFORE, IDEALLY THE U.S. MILITARY
PRESENCE IN SINGAPORE SHOULD BE KEPT AT APPROXIMATELY
THE PRESENT LEVEL.

WE SHOULD RECOGNIZE THAT IF WE SEEK TO EXPAND
U.S. MILITARY USE OF SINGAPORE, WE MAY WELL HAVE
TO PAY A PRICE IN TERMS OF MEETING A GREATER PRO-
PORTION OF GOS REQUESTS FOR MILITARY SALES AT
POSSIBLY CONCESSIONAL PRICES OR MAINTAINING A
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HIGHER MILITARY PROFILE. WE SHOULD GUARD AGAINST
PROVIDING WEAPONS TO SINGAPORE WHICH, IN TERMS
OF QUANTITY OR SOPHISTICATION, WOULD EXCEED
SINGAPORE'S LEGITIMATE DETERRENT REQUIREMENTS.

3. ECONOMIC

(A) GENERAL ECONOMIC AND TRADE POLICY

FEW THINGS ARE MORE IMPORTANT TO SINGAPORE THAN
A HEALTHY U.S. AND WORLD ECONOMY. SUCH A CONDITION
WOULD GO A LONG WAY TOWARD ASSURING SINGAPORE'S
PROSPERITY SINCE IT WOULD STIMULATE TRADE AND
INCREASE PRODUCTION AND CAPITAL EXPENDITURES.
GREATER ACCESS TO U.S. MARKETS FOR LDC, INCULDING
SINGAPORE, EXPORTS AND THE REALIZATION THROUGH
THE MTN OF A MORE LIBERAL AND EFFICIENT WORLD
TRADE REGIME WOULD BE IN SINGAPORE'S INTEREST AS
WELL AS OURS.

(B) TRADE PROMOTION

SINGAPORE IS AN EXCEPTIONALLY ATTRACTIVE MARKET
IN ITSELF AND IS AN IMPORTANT GATEWAY TO OTHER
MARKETS IN THE REGION. AN AGGRESSIVE TRADE PRO-
MOTION PROGRAM WITH PARTICULAR EMPHASIS ON EX-
PLOITING REGIONAL OPPORTUNITIES, SHOULD BE MAINTAINED
AND, IF POSSIBLE EXPANDED, MAKING FULL USE OF THE
REGIONAL TRADE CENTER.

(C) INVESTMENT

SINGAPORE'S ECONOMY IS SUFFICIENTLY ATTRACTIVE THAT
SINGAPORE WILL PROBABLY ATTRACT MORE THAN ITS FAIR
SHARE OF U.S. AND THIRD COUNTRY INVESTMENT WHENEVER
CAPITAL EXPENDITURES REVIVE. WE SHOULD CONTINUE TO
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WORK CLOSELY WITH THE GOS AND THE AMERICAN BUSINESS
COMMUNITY TO MAINTAIN THE EXCELLENT ENVIRONMENT FOR
EXISTING U.S. INVESTMENT AND TO FACILITATE NEW
CAPITAL INFLOWS.

(D) DEVELOPMENT

SINGAPORE RECEIVES A RELATIVELY SMALL AMOUNT OF
DEVELOPMENT ASSISTANCE THROUGH SUCH CHANNELS AS
THE UNDP. ALTHOUGH A STRONG CASE CAN BE MADE
FOR TERMINATION OF SUCH AID GIVEN THE COUNTRY'S
MIDDLE-INCOME STATUS, SINGAPORE HAS BEEN ABLE TO
MAKE EFFECTIVE USE OF THESE FUNDS, OFTEN WITH BENEFIT
FOR SURROUNDING COUNTRIES. WITHOUT A STRONG SCIENTIFIC
AND TECHNICAL BASE, AND LACKING A HINTERLAND OR
NATURAL RESOURCES UNDER ITS OWN CONTROL, SINGAPORE
SHOULD CONTINUE TO RECEIVE THIS ASSISTANCE IN THE
SHORT-TERM AND IS DESERVING OF AT LEAST SOME OF THE
OTHER BENEFITS (SUCH AS GSP) ACCORDED LDCS.

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CINCPAC FOR POLAD

4. HUMAN RIGHTS

RECOGNIZING THAT THE SINGAPORE RECORD ON HUMAN RIGHTS IS IMPERFECT WE SHOULD KEEP THE GOVERNMENT AND PEOPLE OF SINGAPORE FULLY AWARE OF THE IMPORTANCE WE ATTACH TO HUMAN RIGHTS. IN THE ABSENCE OF A CONSISTENT PATTERN OF GROSS VIOLATIONS OF HUMAN RIGHTS, STRIDENT REPRESENTATIONS ON THIS SUBJECT WOULD BE COUNTER-PRODUCTIVE. WE SHOULD REALIZE THAT GOS LEADERS WILL BE OF THE VIEW THAT OUR STANDARDS ARE INAPPLICABLE TO SOUTHEAST ASIA AND SINGAPORE, BUT IN AREAS WHERE WE HAVE FIRMLY ESTABLISHED PRINCIPLES WE SHOULD KEEP THEM BEFORE THE SINGAPOREANS AS MATTERS TO BE CONSIDERED.

5. NARCOTICS

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SINGAPORE'S DRUG PROBLEM CONTINUES TO GROW DESPITE THE INCREASINGLY RIGOROUS PENALTIES BEING IMPOSED UNDER LOCAL LAW. ALTHOUGH SINGAPORE IS CLASSIFIED AS A VICTIM COUNTRY, THERE APPEARS TO BE A GROWING INVOLVEMENT OF SINGAPORE AND SINGAPOREANS IN NARCOTIC TRAFFICKING FROM SOUTHEAST ASIA TO WESTERN EUROPE. GOS UNWILLINGNESS TO ALLOCATE SUFFICIENT RESOURCES TO ENFORCEMENT ACTIVITIES AND INSISTENCE ON OPERATING AT THE DRUG USER LEVEL HAS HAMPERED (CENTRAL NARCOTICS BUREAU) CNB INVESTIGATIONS. MOREOVER, THE CNB HAS SHOWN ONLY A PERFUNCTORY INTEREST IN THE CONDUCT OF INVESTIGATIONS INVOLVING INDIVIDUALS OUTSIDE OF SINGAPORE. THIS IS SURPRISING GIVEN THE GOVERNMENT'S STRONG POLICY AGAINST DRUG ABUSE, THE GROWING DRUG PROBLEM IN SINGAPORE, THE RECENT EVIDENCE OF SINGAPORE'S INVOLVEMENT IN THE INTERNATIONAL NARCOTICS TRAFFIC, AND THE PRIME MINISTER'S INSISTENCE ON FIRM, EFFICIENT ADMINISTRATION IN ALL DEPARTMENTS OF GOVERNMENT.

THE EMBASSY BELIEVES THAT THE GOVERNMENT'S STRONG INTEREST IN CURBING DRUG ABUSE AND PRIDE IN EFFICIENT ADMINISTRATION WILL EVENTUALLY CAUSE CORRECTIVE ACTION TO BE TAKEN IN THESE AREAS. THE U.S. SHOULD CONTINUE TO SUPPORT AND COOPERATE WITH THE GOS IN ITS EFFORTS TO HALT THE USE OF SINGAPORE FOR INTERNATIONAL NARCOTIC TRAFFICKING, PARTICULARLY THAT DIRECTED TOWARD THE U.S. THE U.S. SHOULD DISCREETLY ENCOURAGE THE GOS TO MOVE RAPIDLY TO UNTANGLE ITS BUREAUCRATIC PROBLEMS AND ALLOCATE GREATER RESOURCES TO ITS DRUG ENFORCEMENT EFFORT. THE U.S. SHOULD CONTINUE TO PROVIDE SELECTIVE

TRAINING AS APPROPRIATE.

6. MULTILATERAL AFFAIRS

THE U.S. SHOULD CONTINUE TO MAINTAIN CLOSE LIAISON WITH THE
GOS ON THE WHOLE RANGE OF MATTERS, INCLUDING NORTH/

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SOUTH ECONOMIC ISSUES, WHICH CONFRONT US IN INTER-
NATIONAL FORA OR IN OUR DEALINGS WITH THE DEVELOPING
COUNTRIES. AS A NON-ALIGNED COUNTRY WHICH IS BOTH
ARTICULATE AND DYNAMIC IN FOREIGN AFFAIRS, SINGAPORE
FREQUENTLY TAKES POSITIONS COINCIDENT WITH U.S.
INTERESTS. WHILE SINGAPORE GENERALLY TENDS TO MAINTAIN
A LOW PROFILE ON ISSUES WHICH ARE NOT OF DIRECT
IMPORTANCE TO IT OR ADHERE TO A JOINT ASEAN POSITION,
IT HAS RECENTLY SHOWN SOME COURAGE IN STANDING UP TO
RADICAL LDCS IN INTERNATIONAL FORA ON CONTENTIOUS
ISSUES. SINGAPORE CAN BE ESPECIALLY HELPFUL ON LOS
ISSUES, PARTICULARLY ON STRAITS WHERE ITS INTERESTS
COINCIDE WITH OUR OWN. WITH RESPECT TO OTHER ISSUES
SUCH AS DEEP SEABEDS, WE SHOULD CONTINUE TO ENCOURAGE
SINGAPORE'S ASTUTE AND RESPECTED LOS TEAM TO PLAY A
USEFUL, MODERATING ROLE IN SEEKING TO ACHIEVE A
CONSENSUS.
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